

CONFIDENTIAL TREATMENT REQUESTED

TON Services Inc.  
USF Payments Made to Carriers  
2002

Calendar Year	Qtr	Month	Invoice Date	Carrier	Invoice Total	Taxes	Invoice Pre-Tax	USF	%	Rate	Note	Calc USF	Diff
2002	1	Jan	1/31/2002	Touch Arn	15,444.83	583.35	14,861.48	1,102.70	7.42%	6.8086%	A	1,011.86	90.84
2002	1	Jan	2/10/2002	MCI	92,350.67	4,439.45	87,911.22	-	0.00%	6.8086%		-	-
2002	1	Jan	1/25/2002	MCI	105,182.38	10,171.79	95,010.59		0.00%	6.8086%		-	-
2002	1	Feb	2/28/2002	Touch Arn	11,068.14	329.68	10,738.46	684.49	6.37%	6.8086%	A	731.14	(46.65)
2002	1	Feb	3/10/2002	MCI	84,896.56	4,056.99	80,839.57	-	0.00%	6.8086%		-	-
2002	1	Mar	3/26/2002	Global X	49,282.66	2,241.94	47,040.72	4,733.01	10.06%	6.8086%		3,202.81	1,530.20
2002	2	Apr	4/30/2002	Global X	123,757.51	7,126.11	116,631.40	8,577.63	7.35%	7.2805%		8,491.35	86.28
2002	2	Apr	5/10/2002	MCI	18,889.52	940.85	17,948.67	1,420.09	7.91%	7.2805%		1,306.75	113.34
2002	2	May	5/31/2002	Global X	99,646.28	5,691.92	93,954.36	6,926.32	7.37%	7.2805%		6,840.35	85.97
2002	2	May	6/10/2002	MCI	49,174.59	2,187.63	46,986.96	3,720.45	7.92%	7.2805%		3,420.89	299.56
2002	2	Jun	6/30/2002	Global X	98,802.62	5,650.35	93,152.27	6,848.75	7.35%	7.2805%		6,781.95	66.80
2002	2	Jun	7/10/2002	MCI	49,683.02	2,198.72	47,484.30	3,778.22	7.96%	7.2805%		3,457.09	321.13
2002	3	Jul	8/10/2002	MCI	55,860.01	2,465.84	53,394.17	4,258.41	7.98%	7.2805%		3,887.36	371.05
2002	3	Aug	9/10/2002	MCI	60,698.32	2,697.13	58,001.19	4,597.57	7.93%	7.2805%		4,222.78	374.79
2002	3	Sept	10/10/2002	MCI	59,703.68	2,659.99	57,043.69	4,510.41	7.91%	7.2805%		4,153.07	357.34
2002	4	Oct	11/10/2004	MCI	49,808.37	2,201.46	47,606.91	3,792.43	7.97%	7.2805%		3,466.02	326.41
2002	4	Nov	12/10/2002	MCI	31,984.46	1,419.21	30,565.25	2,426.06	7.94%	7.2805%		2,225.30	200.76
2002	4	Dec	1/10/2003	MCI	51,153.87	2,265.36	48,888.51	3,887.47	7.95%	7.2805%		3,559.33	328.14
												<u>61,264.01</u>	<u>56,758.05 4,505.96</u>

A> Invoice does not split out USF and TRS but reflects them together as one number

CONFIDENTIAL TREATMENT REQUESTED

TON Services Inc.  
USF Payments Made to Carriers  
2003

Calendar Year	Qtr	Month	Invoice Date	Carrier	Invoice Total	Taxes	Invoice Pre-Tax	USF	%	Rate	Calc USF	Diff
2003	1	Jan	2/10/2003	MCI	52,725.39	2,336.36	50,389.03	4,004.56	7.95%	7.2805%	3,668.57	335.99
2003	1	Feb	3/10/2003	MCI	32,310.96	1,430.93	30,880.03	2,455.44	7.95%	7.2805%	2,248.22	207.22
2003	1	Mar	4/10/2003	MCI	61,806.02	2,760.16	59,045.86	4,658.36	7.89%	7.2805%	4,298.83	359.53
2003	2	Apr	5/10/2003	MCI	40,294.88	1,802.77	38,492.11	3,031.60	7.88%	9.1000%	3,502.78	(471.18)
2003	2	May	6/10/2003	MCI	38,389.62	1,823.74	36,565.88	2,895.23	7.92%	9.1000%	3,327.50	(432.27)
2003	2	Jun	7/10/2003	MCI	51,611.28	2,449.08	49,162.20	4,048.78	8.24%	9.1000%	4,473.76	(424.98)
2003	3	Jul	8/10/2003	MCI	77,410.12	3,569.91	73,840.21	6,097.00	8.26%	9.5000%	7,014.82	(917.82)
2003	3	Aug	9/10/2003	MCI	15,818.12	728.14	15,089.98	1,248.30	8.27%	9.5000%	1,433.55	(185.25)
2003	3	Aug	8/27/2003	SCI	2,415.28	120.94	2,294.34		0.00%	9.5000%	-	-
2003	3	Sept	10/10/2003	MCI	1,830.40	84.43	1,745.97	140.05	8.02%	9.5000%	165.87	(25.82)
2003	3	Sept	9/27/2003	SCI	25,725.57	1,421.35	24,304.22		0.00%	9.5000%	-	-
2003	4	Oct	11/10/2003	MCI	906.38	41.98	864.40	69.05	7.99%	9.2000%	79.52	(10.47)
2003	4	Oct	10/27/2003	SCI	25,903.49	1,165.97	24,737.52		0.00%	9.2000%	-	-
2003	4	Nov	12/10/2003	MCI	611.55	28.13	583.42	47.16	8.08%	9.2000%	53.67	(6.51)
2003	4	Nov	11/27/2003	SCI	26,647.59	984.92	25,662.67		0.00%	9.2000%	-	-
2003	4	Dec	1/10/2004	MCI	21.98	1.34	20.64	1.13	5.47%	9.2000%	1.90	(0.77)
2003	4	Dec	12/27/2003	SCI	5,144.04	178.67	4,965.37		0.00%	9.2000%	-	-
								<u>28,696.66</u>			<u>30,269.00</u>	<u>(1,572.34)</u>

CONFIDENTIAL TREATMENT REQUESTED

TON Services Inc.  
USF Payments Made to Carriers  
2004

Calendar Year	Qtr	Month	Invoice Date	Carrier	Invoice Total	Taxes	Invoice Pre-Tax	USF	%	Rate	Calc USF	Diff
2004	1	Jan	2/10/2004	MCI	14.37	0.64	13.73	1.10	8.01%	8.7000%	1.19	(0.09)
2004	1	Jan	1/27/2004	SCI	2,876.46	100.15	2,776.31		0.00%	8.7000%	-	-
2004	1	Feb	3/10/2004	MCI	0.39	0.01	0.38	0.03	7.89%	8.7000%	0.03	(0.00)
2004	1	Feb	2/27/2004	SCI	4,941.14	175.10	4,766.04		0.00%	8.7000%	-	-
2004	1	Mar	3/27/2004	SCI	7,505.03	272.10	7,232.93		0.00%	8.7000%	-	-
								<u>1.13</u>			<u>1.23</u>	<u>(0.10)</u>

## APPENDIX B

## INVOICE

**REMIT TO:** MCI WORLDCOM Communications, Inc.  
SCA SERVICES  
P.O. Box 382123  
Pittsburgh, PA 15250-8123

Please include the information below on all payments  
and correspondence

**ACCOUNT:** Flying J, Inc.  
4185 S Harrison Blvd. #326  
Ogden, UT 84403

**Invoice Number:** 37202992  
**Account Number:** Q3807495  
**Invoice Date:** 04/10/2001

## **SUMMARY OF CHARGES**

Original Invoice Total	\$783,152.69
Postalized Rate Adjustment	(\$651,735.09)
Contractual Discount Adjustment	\$70,191.98
Federal Tax	(\$19,058.52)
State and Local Tax	(\$433.73)
State and Local Surcharges	(\$10,125.12)
Federal Universal Service Fee Adjustment	(\$43,615.73)

**Revised Amount Due** **\$128,376.48**

## INVOICE

MCI WorldCom Internal use only - A/R: CARMS

**Invoice Number:** 37202992  
**Account Number:** Q3807495  
**Invoice Date:** 04/10/2001

**Amount Due: \$128,376.48**

**REMIT TO:** MCI WORLDCOM COMMUNICATIONS, INC.  
SCA SERVICES  
P.O. BOX 382123  
PITTSBURGH, PA 15250-8123

Invoice Amount Enclosed (if different from Amount Due)

\$

\*\*\*\*PLEASE INCLUDE THIS REMITTANCE FORM WITH YOUR PAYMENT\*\*\*\*

INVOICE NO.: 37202992  
 CUSTOMER NO.: Q3807495  
 PAGE: 2

INVOICE SUMMARY DETAIL

	DURATION (MINUTES)	DURATION (HOURS)	RATE	AMOUNT	TOTAL
DOMESTIC USAGE					
RANGE 1	77,136.20	1,285.6031	\$ .10318/MIN	\$ 7,959.35	
RANGE 2	286,207.80	4,770.1299	\$ .22747/MIN	\$ 65,104.60	
RANGE 3	782,616.40	13,043.6066	\$ .22894/MIN	\$ 179,178.21	
RANGE 4	2,001,687.30	33,361.4549	\$ .23045/MIN	\$ 461,303.42	
RANGE 5	178,411.40	2,973.5182	\$ .23138/MIN	\$ 41,281.88	
GROSS DOMESTIC USAGE				\$ 754,827.46	
DOMESTIC VOLUME DISCOUNT (APPLIED TO INTERSTATE)				\$ 73,668.91 CR	
NET DOMESTIC USAGE				\$	681,158.55
GROSS INTERNATIONAL USAGE	20,901.70		\$ .74523/MIN	\$ 15,576.71	
INTERNATIONAL VOLUME DISCOUNT				\$ 744.13 CR	
INTERNATIONAL USAGE ELIGIBLE FOR VOLUME DISCOUNT		\$ 15,564.34			
NET INTERNATIONAL USAGE				\$	14,832.58
DIRECTORY ASSISTANCE	16 CALLS			\$ 23.84	
DIR. ASSISTANCE CRED	0 CALLS			\$ .00	
NET DIRECTORY ASSISTANCE				\$	23.84
TOTAL USAGE CHARGE					
				\$	696,014.97
TOTAL MONTHLY SERVICE CHARGE				\$	50.00
FEDERAL EXCISE TAX				\$	22,795.16
STATE & LOCAL TAXES				\$	618.77
FEDERAL UNIVERSAL SERVICE FEE		DB		\$	57,191.02
FEDERAL UNIVERSAL SERVICE FEE		CR		\$	5,580.98 CR
UT UNIVERSAL SERVICE FUND SURCHARGE		DB		\$	63.47
FEDERAL, STATE & LOCAL SURCHARGES				\$	12,110.28
CURRENT AMOUNT DUE					
				\$	783,152.69

MCI MAC 01

Summary of Amount Due

FLYINGJ  
4185 S HARRISON BLVD  
326  
ODGEN, UT 84403-2499  
CUSTOMER NUMBER 91376540

BILLING PERIOD 02/15/01 THROUGH 03/14/01

INVOICE NUMBER 09666291  
INVOICE DATE 03/25/01  
PAGE NUMBER 1

DESCRIPTION	TOTAL CHARGES
CURRENT CHARGES UNDER FLYING J, INC. (SCA)	
VOICE SERVICES	
INBOUND SERVICES	
DEDICATED TERMINATION	\$144,667.04
SCA DISCOUNTS	10,338.05CR
TOTAL INBOUND SERVICES	\$134,328.99
TOTAL VOICE SERVICES	\$134,328.99
OTHER SERVICES	
FEATURES	
CHARGES	\$460.00
TOTAL FEATURES	\$460.00
TOTAL OTHER SERVICES	\$460.00
TOTAL CURRENT CHARGES	\$145,127.04
TOTAL DISCOUNTS	\$10,338.05CR
TOTAL PROMOTIONS AND OTHER ITEMS	\$0.00
TOTAL TAXES, SURCHARGES, & UNIVERSAL SVC FEES	\$16,732.97
TOTAL CHARGES	\$151,521.96
OUTSTANDING CHARGES - PLEASE DISREGARD IF PAYMENT HAS BEEN SUBMITTED	\$421,147.50
TOTAL AMOUNT DUE UPON RECEIPT	\$572,669.46

Statement of Outstanding Charges Through 03/14/01

BILLING PERIOD 02/15/01 THROUGH 03/14/01

INVOICE NUMBER 09666291  
INVOICE DATE 03/25/01  
PAGE NUMBER 2

FLYING  
4185 S HARRISON BLVD  
J26

ODGEN, UT 84403-2499

CUSTOMER NUMBER 91376540

INVOICE DATE	INVOICE NUMBER	INVOICE AMOUNT	ADJUSTMENTS	PAYMENTS	BALANCE
12/25/00	64211873	\$303,461.65	\$0.00	\$258,625.33CR	\$44,836.32
01/25/01	09522234	\$280,436.59	\$0.00	\$0.00	\$280,436.59
01/25/01	09522234	\$0.00	\$173.86CR	\$0.00	\$173.86CR
02/25/01	09594425	\$182,641.00	\$0.00	\$0.00	\$182,641.00
02/25/01	09594425	\$0.00	\$86,592.55CR	\$0.00	\$86,592.55CR
TOTAL OUTSTANDING CHARGES					\$421,147.50



Overall Summary of Taxes

FLYINGJ  
4185 S HARRISON BLVD  
326  
ODGEN, UT 84403-2499  
CUSTOMER NUMBER 91376540

BILLING PERIOD 02/15/01 THROUGH 03/14/01

INVOICE NUMBER 09666291  
INVOICE DATE 03/25/01  
PAGE NUMBER 3

DESCRIPTION	TOTAL CHARGES
LONG DISTANCE/DATA TAXES AND SURCHARGES	
FEDERAL EXCISE TAX	\$4,399.10
STATE & LOCAL TAXES	486.35
FEDERAL, STATE & LOCAL SURCHARGES	2,235.33
FEDERAL UNIVERSAL SERVICE FEE	9,560.05
UT UNIVERSAL SERVICE FUND SURCHARGE	52.14
TOTAL LONG DISTANCE/DATA TAXES AND SURCHARGES	\$16,732.97
TOTAL	\$16,732.97

Invoice Detail: 2002/05/31

Page: 1 of 1

Account Number: 0204487172

Customer Account Summary

PREVIOUS BALANCE	\$ .00
CREDITS AND ADJUSTMENTS THROUGH 05/31/02	
PAYPHONE SURCHARGE CREDIT	9,511.50CR
ADJUSTMENT/TAXES	793.24CR
ADJUSTMENT/FET TAXES	286.31CR
CREDIT BALANCE	\$10,591.05CR
CURRENT CHARGES	
USF RECOVERY CHARGE	6,926.32
129104 PAYPHONE SRCG CALL	38,731.20
MONTHLY SERVICE USAGE	95,089.99
DATA SERVICES - SEE SUMMARY	340.00
TAXES AND SURCHARGES	
FEDERAL EXCISE TAX	1,477.25
UT UPTSS FUND	166.77
STATE/LOCAL TAX	4,047.90
TOTAL TAXES AND SURCHARGES	5,691.92
TOTAL CURRENT CHARGES	\$136,188.38
TRANSFERRED TO CORP ACCOUNT # 0204483815	\$136,188.38CR
NO AMOUNT DUE	\$ .00

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[2536733]

Invoice Detail: 2002/05/31

Page: 1 of 2

Account Number: 0204483815

Thank you for your business. We hope you are enjoying the additional savings provided under your contract terms. These terms and rates will automatically renew for 12 months at time of contract expiration. Please note that termination prior to contract expiration may result in additional charges. Contract details are listed on the Contract Summary page of this invoice.

AUTOMATED ACCOUNT INFORMATION 1-800-536-3273/CUSTOMER SERVICE 1-800-249-4672  
YOUR PAYMENT MUST BE SENT BY 06/18/02 TO BE CREDITED ON YOUR NEXT STATEMENT

## Customer Account Summary

PREVIOUS BALANCE	\$173,040.17
CREDITS AND ADJUSTMENTS THROUGH 05/31/02	
PAYMENT - THANK YOU	35,038.15CR
PAYMENT - THANK YOU	66,317.38CR
* REMINDER * AMOUNT PAST DUE	\$71,684.64
PLEASE CALL 1-800-878-9287	
CURRENT CHARGES	
DISCOUNTS - SEE SUMMARY	47,133.15CR
CURRENT CORPORATE CHARGES	\$47,133.15CR
TOTAL BRANCH ACCT CHARGES - SEE SUMMARY	\$136,188.38
TOTAL CURRENT CHARGES	\$89,055.23
TOTAL AMOUNT DUE	\$160,739.87

## Corporate Location Summary

0204487172	TONS FLYING J	136,188.38
	TOTAL	136,188.38

## Discount Summary

DESCRIPTION	MINUTES	COST	DISCOUNT
DIR ASST 54.55¢		.00	1.20
DED INTER 52.85¢		.00	40761.89
DED INTRA 25¢		.00	769.77
DED INT'L 40¢		.00	5600.29
TOTAL DISCOUNT			47133.15

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{2536733}



March 31, 2001  
Invoice 827783342

TON SERVICES  
Account 88825832

Your Account Balance

TON SERVICES 88825832	Secondary	22,229.48
Current Gross Charges		22,229.48
Discounts, Promotions & Fees		-1,000.00

Taxes and Surcharges		889.83
Federal Excise Tax		7.26
State and Local Taxes		294.58
Property Tax Surcharges		2,494.85
TRS & Universal Serv Fund		\$3,790.32
Current net charges		\$24,392.89

Previous Balance		\$99,375.26
Payments Received		\$-25,477.88
Adjustments		\$-2,397.80
Current Gross Charges		\$122,779.46
Discounts, Promotions, & Fees		\$-1,000.00
Taxes and Surcharges		\$3,790.32
Current Net Charges		\$124,569.78

TON SERVICES 88825832 Secondary Account

Current net charges		22,229.48
Discounts, Promotions & Fees		-1,000.00
Federal Excise Tax		7.26
State and Local Taxes		294.58
Property Tax Surcharges		2,494.85
TRS & Universal Serv Fund		\$34,392.89

Your Account Balance (continued)

TON SERVICES 88825832	Secondary Account	Current net charges (continued)
Total TON SERVICES current net charges		\$24,392.89

Payments and Adjustments		\$9,375.26
Previous balances		-1,114.84
Discounts Adj (C) - 3/1/2001		-1,000.00
Discounts Adj (C) - 3/1/2001		-7.46
STATE TAX ADJUSTMENT - 3/1/2001		-62.86
COUNTY TAX ADJUSTMENT - 3/1/2001		-74.72
CITY TAX ADJUSTMENT - 3/1/2001		-12.50
STATE TAX ADJUSTMENT - 3/1/2001		-47.50
COUNTY TAX ADJUSTMENT - 3/1/2001		-12.50
CITY TAX ADJUSTMENT - 3/1/2001		-12.50
Payment Received - 3/15/2001 Thank You!		-24,477.88

## APPENDIX C

REDACTED VERSION

DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP

2101 L Street NW • Washington, DC 20037-1526

Tel (202) 785-9700 • Fax (202) 887-0689

Writer's Direct Dial: (202) 828-2226

E-Mail Address: [KramerA@demo.com](mailto:KramerA@demo.com)

June 17, 2004

**VIA HAND DELIVERY AND  
VIA FACSIMILE TO 202-418-2080**

**CONFIDENTIAL TREATMENT REQUESTED**

Romanda Williams  
Investigations and Hearings Division  
Enforcement Bureau  
Federal Communications Commission  
445 12th Street, SW  
Room 3B-443  
Washington, DC 20554

RECEIVED & INSPECTED

JAN - 7 2005

FCC - MAILROOM

Re: File No. EB-04-IH-0142 - TON Services Inc.

Dear Ms. Williams:

On behalf of TON Services Inc. ("TON"), a wholly-owned subsidiary of Flying J Inc. ("Flying J"), we are responding to the letter of inquiry ("LOI") dated May 13, 2004 from Hillary S. DeNigro, Deputy Chief, Investigations and Hearings Division, in the referenced matter.<sup>1</sup> We provide below background information regarding TON's reporting of interstate and international telecommunications service revenues and its contributions to the Universal Service Fund and then respond to the specific inquiries posed in the LOI.

**Background Information**

TON's parent, Flying J, is a privately owned company engaged in the exploration, production, refining, transportation, wholesaling and retail marketing of petroleum products. Flying J also owns and operates travel plazas, convenience stores, restaurants, motels and truck service centers throughout the United States. Flying J engages in no activities subject to Commission regulations. TON does conduct telecommunications operations. TON owns and operates payphones located at Flying J's various travel plazas and other facilities. TON also provides prepaid calling card services.

<sup>1</sup> The time for responding to the LOI was extended to June 17, 2004. See letter dated May 27, 2004 from Albert Kramer to Romanda Williams.

In mid-2003, Flying J appointed Jagjit Singh to oversee the operations of TON and certain other Flying J subsidiaries. Mr. Singh serves as Vice President Communications and Financial Services of Flying J and as the President of TON. In his ensuing review of TON's operations, Mr. Singh replaced most of TON's management personnel. Members of TON's new management team initiated a review of certain policies and procedures, including compliance with federal telecommunications regulatory requirements.

As part of this review, it was determined in January 2004 that certain FCC Forms 499-A and 499-Q had not been filed by TON. TON promptly contacted counsel for assistance in bringing TON into compliance with FCC requirements and began working with counsel to determine what documents and data were necessary to review and what steps were required to come into compliance. As part of the review, TON also examined the FCC forms that TON previously had submitted to NECA.

This review and effort to gather data to come into compliance was on-going when by letter dated March 30, 2004 from the Investigations and Hearings Division requested that Flying J, not TON, either file FCC Form 499-A for registration purposes or explain why it was not required to file. By e-mail message dated April 16, 2004 to 499registration-group8@fcc.gov, Flying J explained why it was not required to file a Form 499-A. Flying J did, however, disclose that its subsidiary, TON, did provide telecommunications services, that TON's CFO was in the process of reviewing TON's Universal Service Fund obligations and that TON would contact the Division once that review was completed.

In the meantime TON management continued to gather the data to prepare accurate 2000, 2001, 2002, 2003 and 2004 FCC Forms 499-A reflecting revenue for the years ended December 31, 1999, 2000, 2001, 2002 and 2003, respectively. On April 23, 2004, counsel for TON contacted Anne Marie Trew at USAC to bring to her attention TON's situation with respect to USF obligations and to advise her that TON was in the process of compiling the data to prepare the requisite Form 499-As and Qs.<sup>2</sup> On May 3, 2004, TON filed Form 499-Qs with NECA projecting revenue for the second and third quarters of 2004; however, TON was not able to complete its review of its Universal Service Fund obligations and prepare and file the 2000-2004 FCC Forms 499-A until June 11, 2004. The Forms were filed on that date.<sup>3</sup>

On June 15, 2004, Mr. Singh and Ian Williams, who is Vice President and General Manager, Communications Services at TON, traveled from TON's Utah headquarters to Washington DC to meet with Anne Marie Trew, Jeffrey Mitchell and Michelle Tilton of USAC to discuss TON's USF obligations. Mr. Singh and Mr. Williams emphasized TON's desire to pay the contributions it owes USAC. Discussions are now underway with USAC.

<sup>2</sup> It was apparently this contact that resulted in the LOI.

<sup>3</sup> By e-mail message on June 11, copies of these FCC Forms 499-A in pdf format were sent to you.

Romanda Williams  
June 17, 2004  
Page 3

CONFIDENTIAL TREATMENT REQUESTED

Responses to Specific Inquires

REDACTED



Romanda Williams  
June 17, 2004  
Page 4

CONFIDENTIAL TREATMENT REQUESTED

REDACTED

REDACTED

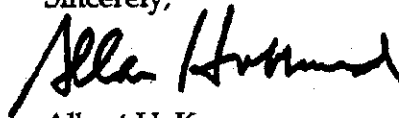
Romanda Williams  
June 17, 2004  
Page 6

CONFIDENTIAL TREATMENT REQUESTED

REDACTED

We trust that this responds to your request. If you need any further information, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Allan Hubbard", is written over the printed name of Albert H. Kramer.

Albert H. Kramer  
Allan C. Hubbard

AHK/clh

Copy to (w/encls.):  
Brett Sanford, TON Services Inc.

# Exhibit 2



Universal Service Administrative Company

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Administrator's Decision on Contributor Appeal

November 8, 2004

Albert H. Kramer, Esq.  
Allan C. Hubbard, Esq.  
Dickstein Shapiro Morin & Oshinsky LLP  
2101 L Street NW  
Washington, DC 20037-1526

RE: TON Services, Inc. (Filer 499 ID 819402)

Dear Gentlemen:

The following is in response to your June 24, 2004, letter to Anne Marie Trew, USAC's Director of Financial Operations, concerning Universal Service Fund (USF) contribution obligations that are disputed by your client, TON Service, Inc. (TON). TON asserts that three of TON's underlying carriers have already paid USAC a substantial portion of TON's contribution obligations having previously recovered them from TON through the billing of USF "pass through" charges.<sup>1</sup> USAC has declined to provide TON with a refund, explaining that TON and its underlying carriers are responsible for resolving claimed double payment issues such as this. You have since requested that USAC construe the June 24, 2004, letter as a formal request by TON, in accordance with 47 C.F.R. § 54.719(b), for review (Appeal) of USAC's decision not to refund the asserted double payments.

TON asserts that inter-carrier resolution of the asserted double payments is impossible because the three underlying carriers filed for bankruptcy protection after TON paid each carrier the billed USF pass through charges. TON therefore requests USAC to make an exception to the requirement that carriers resolve double payment issues among themselves. TON has not attempted to provide a comprehensive factual record for us to review.<sup>2</sup> However, even if USAC were presented with all relevant information in TON's

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<sup>1</sup> Precise dollar amounts are omitted in accordance with TON's request for confidential treatment.

<sup>2</sup> TON provided some representative billing statements showing the pass through charges. In addition, TON asserts that two of the underlying carriers, MCI and Global Crossing, likely paid their pre-petition USF obligations in full in accordance with court orders authorizing such payment. (We note, however, that notwithstanding the pre-petition payment authorization order in Global Crossing, Global Crossing has filed suit against USAC to recover millions in alleged preferential payments made to the USF in the 90 days prior to the Global Crossing bankruptcy filing.) For the third carrier, Touch America, TON asserts that because Touch America's last invoice to TON was paid more than a year before Touch America's

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possession, USAC doubts it could ever conclusively establish whether an underlying carrier in fact reported and paid on a particular carrier's revenue without data correlated by both carriers (hence the need for carriers to resolve these issues among themselves).

Nevertheless, even were we able to determine conclusively that TON's underlying carriers had in fact paid USF charges based upon certain revenue report by TON, we conclude that we lack authority to provide the requested relief, and hence express no view as to the merits of TON's request. *See* 47 C.F.R. 54.702(c) (USAC may not make policy or interpret unclear provisions of the statute or rules). Whether TON can establish double payment and, if so, whether such double payments should be refunded to TON are questions appropriately directed to the Federal Communications Commission (FCC).

Accordingly, we affirm USAC's decision not to provide the requested refund to TON and deny the Appeal.

Decision on Appeal: Denied.

If you disagree with USAC's response to your Appeal, you may file an appeal with the FCC. Your appeal must be **POSTMARKED** within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via the United States Postal Service, you should direct the appeal to:

Federal Communications Commission  
Office of the Secretary  
445 - 12<sup>th</sup> Street, SW  
Room TW-A325  
Washington, DC 20554

**Documents sent by Federal Express or any other express mail should use the following address:**

Federal Communications Commission  
Office of the Secretary  
9300 East Hampton Drive  
Capitol Heights, MD 20743  
(8:00 A.M. - 5:30 P.M. ET)

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bankruptcy filing, "[a]bsent a finding to the contrary . . . Touch America would have reported, been billed by and paid to USAC . . . all revenue Touch America had billed TON."

**For hand-delivered or messenger-delivered items, use the following address:**

Federal Communications Commission  
Office of the Secretary  
236 Massachusetts Avenue, NE, Suite 110  
Washington, DC 20002  
(8:00 A.M. – 7:00 P.M.)

For security purposes, hand-delivered or messenger-delivered documents will not be accepted if they are enclosed in an envelope. Any envelopes must be disposed of before entering the building. Hand deliveries must be held together with rubber bands or fasteners.

Appeals may also be submitted to the FCC electronically, either by the Electronic Comment Filing System (ECFS) or by fax. The FCC recommends filing with the ECFS to ensure timely filing. Instructions for using ECFS can be found on the ECFS page of the FCC web site. Appeals to the FCC filed by fax must be faxed to 202-418-0187. Electronic appeals will be considered filed on a business day if they are received at any time before 12:00 A.M. (midnight), Eastern Standard Time. Fax transmissions will be considered filed on a business day if the complete transmission is received at any time before 12:00 A.M.

Please be sure to refer to CC Docket No. 96-45 on all communication with the FCC. The appeal must also provide your company's name and Filer ID, plus necessary contact information, including the name, address, telephone number, fax number, and e-mail address of the person filing the appeal. Unless the appeal is by ECFS, please include a copy of the decision at issue.

Sincerely,

**USAC**

Universal Service Administrative Company

cc: Tom Putnam, and Regina Dorsey, FCC Office of Managing Director  
Cathy Carpino, FCC Wireline Competition Bureau  
Hillary DeNigro and Eric Bash, FCC Enforcement Bureau